

EXHIBIT A

Lehman Brothers staff told salaries are safe

By Philip Aldrick

Last Updated: 11:58pm BST 17/09/2008

Lehman Brothers' 4,500 staff have been told they will be paid this month, allaying fears that they would be left out of pocket after the bank's collapse.

Staff, who were seen packing up and leaving in chaotic scenes after the bank was put into administration on Monday, have been ordered to return to work by administrators PricewaterhouseCoopers and been reassured that they will be paid by the end of the month.

There were fears that salaries would not be paid because PwC could not find any cash when it went into the bank. Lehman's sweeps cash from its holding companies to its central function every night and advances it again in the morning, but the money was not returned on Monday.

advertisement • **Cautious applause for Barclays' Lehman deal**

However, cash has started to flow in as Lehman's wound down various positions. PwC is now confident it can pay the \$75m wage bill this month.

Although salaries would normally have been paid this Friday, PwC said they will be late due to processing delays. However, the money will be transferred by September 30 to staff who have reported for work until the end of the month, a spokesman said.

Expenses are also expected to be paid but no decision has been taken yet on bonuses, though it is thought unlikely there will be any.

Only about a dozen staff have been made redundant, but hundreds are expected at the end of the month. Staff in Lehman's asset management and corporate advisory businesses are not at immediate risk because the divisions are still solvent.

PwC said "there have been expressions of interest" for the two divisions, with Barclays chief executive John Varley stating yesterday that it had "opportunities but no obligations" to buy Lehman assets outside the US.

As many as "half a dozen" expressions of interest for various parts of the two Lehman businesses have been tabled, sources said.

Spanish banks BBVA and Santander, Italy's UniCredit and Japanese bank Nomura were all rumoured to be interested.

Bankers noted that a deal will have to be struck within days if PwC hopes to retain any value as clients and staff will defect quickly.

Barclays confirmed that it is buying Lehman's investment banking, fixed-income and equities divisions in North America, which employ about 10,000 people, as well as Lehman's headquarters in New York and two data centres for a total of \$1.75bn (£967m).

Barclays will pay \$250m in cash for Lehman's North American operations and \$1.5bn for the real estate. It plans to raise at least £600m in a sale of shares to help fund the deal. Barclays shares rose 9¾ to 317¾p, capitalising the bank at £25.9bn.

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Anger as Lehman Brothers UK staff left 'high and dry'

By Katherine Griffiths

Last Updated: 1:03am BST 16/09/2008

There was bitter resentment among the UK staff of Lehman Brothers yesterday after it emerged that they are unlikely to be paid their monthly salary on Friday following the collapse of the bank. Most of Lehman's 4,500 London employees are likely to lose their jobs after PricewaterhouseCoopers was called in to wind down the bank in Europe.

In contrast, Lehman employees in New York are likely to receive redundancy packages, senior bankers said. "They have left us high and dry," one source in London said.

There was also anger in London that Richard Fuld, Lehman's chief executive, had not managed to seal a deal to save the bank. "Because of his intransigence, it has led to the collapse of the whole bank," said one person.

Christian Meissner, joint head of Lehman in Europe, broke the news to staff in London at an 8.30am meeting yesterday that all of the bank that is headquartered in London - bar asset management and the corporate finance division - were following New York into administration.

- **Headhunters pick of Lehman Brothers elite**
- **London staff leave as Lehman goes under**
- **More on banking**

PwC, which was appointed yesterday morning as administrator to four of Lehman's businesses, signalled that staff were unlikely to receive their collective \$75m (£42m) wages on Friday. Tony Lomas, a PwC partner, said: "There was no cash in the various companies to which we were appointed."

advertisement Lehman sweeps cash from its holding companies to its central function every night and advances it again in the morning. This did not happen on Sunday night. There was a feeling among UK staff that the bank should have forwarded the cash on Monday, so that there was money in the kitty to pay wages in Europe this week. This year's bonuses are also likely to be scrapped.

Mr Lomas said the unravelling of Lehman would be more complex than the administration of Enron in Europe and MG Rover, which he also worked on, and it could take years to wind the bank up.

Mr Lomas is in charge of the administration with PwC partners Steven Pearson and Dan Schwarzmann. Mr Lomas said it was "amazing that a business as huge as this can fail in this way. It underlines the massive importance of market confidence. Once that's gone and nobody wants to trade with you, there's no way back."

Most of Lehman's London staff have not formally been made redundant yet but many went home yesterday armed with boxes holding their possessions. Many are expected to be laid off in the coming days.

PwC has frozen almost all of the bank's trades and counterparty positions as it begins to dissolve the business so creditors can be paid.

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News

David Cohen, Evening Standard
17.09.08

The day after the fall of Lehman Brothers, Robert Daniels, a director and a senior departmental head at the Canary Wharf headquarters, is sitting contemplating his future over a stiff espresso when an incongruous email drops onto his BlackBerry.

It is from Ravi Mattu, global head of research at Lehman's on Wall Street, and it says: "I am extremely pleased to announce that for the ninth year in a row, Lehman Brothers' fixed income research team is ranked number one in the annual institutional investor survey of 1,330 professionals at 490 institutions. This achievement is the direct result of a team effort and I want to congratulate the entire fixed income division for this tremendous honour."



Banking wilderness: Lehman's high-tech offices in the City stand empty

At first Robert, 36, a father of three who lives in Chelsea and who would have earned \$700,000 this year, shows me the email as an example of the "bizarre culture of denial" that has characterised the past few months at Lehman's.

"I've heard of rearranging the deck chairs on the Titanic while it's sinking but not after the ship has already sunk," he says. "If it wasn't so sad, it would be pretty hilarious."

Woken on Monday by a 4am text from a colleague in New York to say that Lehman's had filed for bankruptcy, Robert has watched his \$200,000-worth of Lehman shares (half of last year's bonus) dwindle to less than a prawn sandwich. He is shocked at how badly things have turned out, he says when we meet outside the company's gleaming offices, but as the day progresses, his resentment at being left "rudderless" for so long "and now jobless" will turn to anger.

He and his colleagues now know that the New York subsidiary of Lehman's is doing a deal with - Barclays Bank to save its broker/dealer operation. "This is the disgusting bit," he says, "it has been done at the expense of Lehman's in London."

What does he mean? According to Robert, billions of dollars disappeared from Lehman's London bank account over the weekend. On Fridays, he explains, London typically transfers billions to New York and is issued with a portfolio of assets in return. "It's a standard inter-company transfer that happens every Friday to fund the US assets over the weekend and every Monday the trade is reversed," says Robert.

This Monday, he says, was different. "The money was not returned to our bank account from the US and all we were left with was a bunch of useless assets. Nobody can tell us where it has gone. What we do know is that the money disappeared on Friday night and did not come back into our account on Monday morning. That is why the administrators came in on Monday and found no cash and said they probably can't pay our September salaries."

"People were surprised, because a few days before we had over \$5 billion in our bank account, now we suddenly couldn't even afford the \$150 million September salary bill."

From a legal perspective, the reason the money was not returned is straightforward: late on Sunday night, Lehman declared bankruptcy and as such all assets were frozen pending the liquidators.

But according to Robert and his colleagues, questions are being asked about the "fortuitous Sunday night timing" of the bankruptcy announcement — "at least as far as the US subsidiary of Lehman's is concerned".

"A few hours later and those billions would have been back in London, making the London subsidiary cash-rich and a more attractive takeover target to potential suitors like Barclays than the hitherto cash-poor dealer parts of the US subsidiary," says Robert.

"Most of the 4,500 London employees of Lehman's have no idea that we might have been sold down the river by our New York colleagues but those who do know are extremely upset. It's like we've been stabbed in the back."

"The consequences could be grave. It could be a huge legal issue, setting London Lehman employees against their New York colleagues. But it goes beyond who gets paid their September salaries. This is billions we're talking about, billions that have been moved overnight out of the

UK to the US to the detriment of the British economy, and which might have to be repatriated to London."

Robert, whose name has been changed at his request to protect his identity and who was headhunted to join Lehman's from another City bank two years ago, says that since thunder clouds began gathering over his company some five months ago, the top brass have attempted to keep middle management like him in the dark.

"Lehman is run by a very tight group of people who never consulted with us and hardly bothered to come to London. We called Richard Fuld [the chief executive officer nicknamed The Gorilla because of his obsession with weight lifting] the invisible man because he never put in an appearance. And when the big guns did come, like Kaushik Amin, global head of liquid markets, he told us nothing and showed no leadership."

Robert recalls the morning meeting hosted by Amin a few weeks ago. "He addressed about 40 traders on the fourth floor and when he finished, the traders started telling him about other banks being reticent to trade with us and asking for reassurance as to our future. He said: 'Everything is fine, we're the market leaders.' Then he rebuked the traders for not wearing ties on the trading floor at all times."

"In retrospect you wonder: was he blinded by arrogance? Was he in denial? How could he tell us off for not wearing a tie at a time when the bank was going under?"

The first rumours of rain, Robert says, came in May this year when Lehman's posted its second quarter results showing losses of \$2.8 billion, "the first time the bank had experienced negative earnings".

"It showed that our micro-hedge strategy — of hedging our bets against a collapsing property market by betting on interest rates falling — had failed."

"Contrary to popular belief, the problem was not our exposure to the sub-prime market, which was acceptable, but rather our massive \$85 billion investment in the commercial property market which had suffered the knock-on effect of the precipitous collapse in the residential housing market."

"The losses caused a great deal of anxiety inside the firm, and speculation from other bankers, that we were about to go the way of Northern Rock and it meant that some other banks didn't want to trade with us any more."

"The response by the top brass was to get us managers to go out and see clients to tell them it was just a blip' and that Lehman's was very much in business'."

"But one by one, clients that had been trading with us for years started to make excuses and shy away from any exposure to us."

As confidence drained away, Jeremy Isaacs, chief executive of Lehman's in Europe, the Middle East and Asia, arranged for a Q&A session last June to calm his employees' nerves. There was only room for director level and above as 200 bankers crammed into Lehman's ground floor auditorium.

"Isaacs told us that some bad decisions had been made but he pinned it on two individuals — operating officer Joe Gregory and the chief financial officer Erin Callan — who had both since been fired and he said that everything was going to be fine."

"His mood was a mixture of confidence and arrogance and he succeeded in reassuring many of us that it was inconceivable the bank would fail. At that stage, we knew there was a hole in the hull but none of us — except perhaps Jeremy — had any idea just how large it was."

For months the bank limped on, trying to implement a new strategy of raising fresh capital and turning away from real estate towards a commission-based income model. The former led to failed talks with the Korean Development Bank, the latter foundered because of speculation as to mounting third quarter losses that caused clients to shy away.

For Robert, it was a confusing time. His own division, he says, had an incredible year and posted record profits for the second year running. "In our section, we were making hundreds of millions for the bank. It was hard to keep reminding ourselves about the bleak bigger picture."

Three weeks ago, staff were informed of the new "good bank, bad bank" strategy, whereby the toxic commercial real estate assets were to be hived off into a separate company and the good - profitable bits kept in Lehman Brothers. Last week the market responded to this strategy, along with the announcement of third quarter losses of \$3.9 billion, by knocking 45 per cent off the value of the shares. From a high of \$60, the shares were worth just \$7.79.

"At that point, the atmosphere inside our Bank Street office was frantic. We knew there was no longer a strategy and that what we desperately needed was a buyer to bail us out."

Nevertheless, says Robert, even as late as Friday night, he felt 100 per cent convinced that Lehman's would survive and that Barclays or Bank of America would buy it out. "I would have bet anything on it. I went to bed on Sunday night fully expecting to go in for business as usual on Monday."

Is he worried about his future? "Yes," he says. "Although I live frugally compared to your typical banker, I have three young children at private schools. My wife and I sat up last night working out that we have enough money to survive for six months. It won't be easy getting a job in the current conditions. Some of my colleagues have already been out interviewing today but nobody I know has had any luck."

"There was a lot of stress in the building on Monday with some people angrily packing their belongings in boxes and leaving. Today it's quieter. I came in late after taking my seven-year-old

son to school. He wanted to know why I was taking him, because I never do. I said: Because I've lost my job.' He said: Good, maybe now I'll see more of you.' His perspective helped take the edge off, I suppose.

"But then I saw a colleague who has been at the bank a long time and who has lost \$10 million — all his bonuses, vested in shares, are now worth nothing. I think we're all beginning to understand that banking is a risky business. Sometimes you hit the bar, and sometimes the bar hits you.

"Right now, although there are a lot of bankers with very sore heads, we are determined to get to the bottom of what's happened to the billions of dollars that were transferred late on Friday to New York and that were never returned to London."

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Reader Views (21)

Here's a sample of the latest views published. You can click view all to read all views that readers have sent in.

Its true - every single bank worker is greedy and everyone at Lehmans deserved to lose their jobs! I should know - i work for a bank in Docklands myself, all we do all day is sit in the boardrooms, smoking cigars, counting our millions and looking down on everyone else!
WAKE UP! All these horrible comments sum England as a nation up - just bloody ignorant. Approx. 97% of bank employees are on normal wages with mortgages and bills to play like everyone else - its disgusting that a majority of the country are finding some joy in seeing other normal peoples misfortune, and make me sad to be British.

- City Worker, London

Yes it's sad for the people who have been affected who are not in the top 5% of high earners. Can I just ask though, what is the the 'average wage' in the City these days?

- S-M Hearmon, London, UK

Boy, you people have some pretty disgusting comments. Do you have any idea how hard these people work? I used to work at Lehman. I wasn't a big shot by any means, but I worked bloody hard. At my desk at 7am - out usually by 10pm - on call all weekends. The point of the article is that the big shots at Lehman were always treating the "little people" like crap. Of 7,000 employees, I would say there were about 200 jackasses, the rest very hard-working decent people. The economy is the UK is rubbish - the only thing holding it up in part are the City banks - People - get educated and get a grip - this is a tragedy - oh! and for you people out there mocking a huge salary, somebody in Kenya making \$12 a month could look at you and not understand how, if you lost your job at Tesco, could only get by for 6 months. It is all relative. I lived in the UK for 2 years and it really is a souless nation - good grief!

- Tess, Phoenix, AZ

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Barclays' international swoop wins plaudits from markets

Print

By Chris Hughes and Jennifer Hughes

Published: September 18 2008 03:00 | Last updated: September 18 2008 03:00

Barclays polarised opinion with its acquisition of the US broker-dealer business of Lehman Brothers yesterday, as analysts applauded the UK lenders' opportunistic deal while staff in Lehman's European businesses expressed anger about being cut adrift in the bank's bankruptcy.

The acquisition of the core of Lehman's US investment banking business marks a dramatic acceleration of Barclays' strategy to internationalise its business and expand its presence on Wall Street. It still requires the approval of a US bankruptcy court.

Barclays indicated that it was also interested in hiring some staff from Lehman's European business units, which have been put into administration with PwC.

Bob Diamond, who heads Barclays Capital, the UK group's investment banking unit, cited the equities and equity capital markets businesses as possible target areas. "We wouldn't want to miss the opportunity to add some of the talent from UK and Europe," he said.

Lehman insiders said representatives from Barclays were already interviewing staff but that had damped hopes of a clean offer for entire pieces of the European operation.

Some Lehman UK staff voiced anger that the US parent company had agreed to a highly advantageous deal for its US employees and for Barclays, when a rumoured \$8bn had been repatriated from the European business units to the US holding company shortly before bankruptcy was declared on Sunday evening.

The precise circumstances of the transfer, revealed by PwC on Monday, remain unclear. One Lehman managing director insisted that the cash sweep was a normal aspect of the business and rejected suggestions of improper conduct.

Another senior employee said: "There is a not insignificant minority here who are very angry [about the cash sweep]."

The head of the insolvency practice at one large law firm said: "Directors in London had legal responsibilities to the entity based here. If the parent company had started making moves that were out of the ordinary, you'd have hoped the London management would have started asking a lot of questions."

PwC said all 4,500 UK staff would be paid for September, albeit later than usual. The \$75m payroll bill will be financed by a loan raised against certain of Lehman's UK assets.

There had been talk of a class action against the US holding company to recover salaries and severance pay owed to European staff.

"Before the end of the month we will be paying all staff here . . . so long as they are turning up . . . to help in our efforts to take this forward," said Tony Lomas, lead administrator.

Shares in Barclays closed up 3 per cent, having earlier risen 15 per cent, in a down market as analysts praised what they said was a "very well priced deal".

The acquisition sees Barclays acquire trading assets of \$72bn and liabilities of \$68bn from Lehman for \$250m in cash, thereby strengthening its overall capital position. In addition, it will pay \$1.5bn

for property assets.

Barclays said it was raising a further \$1bn of equity to fund the growth opportunities arising from the deal.

Some 10,000 Lehman staff will join the Barclays payroll. However, Barclays warned of job losses.

Barclays said the asset portfolio was valued after extensive write-downs by Lehman itself, and further write-downs made during due diligence.

PwC cautioned Lehman's clients that any recovery of what they were owed lay in the distant future, adding that liquidating the prime brokerage unit, which serves hedge funds, would be particularly difficult.

Steven Pearson, PwC partner, said: "We're here to look after the interests of Lehman in the first instance and the market in the second instance."

KKR, the US buy-out fund, dropped out of the bidding for Lehman's private equity unit, leaving Bain Capital and Hellman & Friedman still in contention.

Additional reporting by Martin Arnold in London

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Barclays wins market backing for US swoop

Print

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Bob Diamond, who heads Barclays Capital, the UK group's investment banking unit, cited the equities and capital markets businesses as possible target areas. "We wouldn't want to miss the opportunity to add some of the talent from UK and Europe," he said.

However, Moody's, the credit rating agency, put Barclays on watch for a possible downgrade, citing the increased proportion of volatile and uncertain investment banking revenues in its business mix following the deal.

Lehman insiders said representatives from Barclays were already interviewing staff but that had damped hopes of a clean offer for entire pieces of the European operation.

Some Lehman UK staff voiced anger that the US parent company had agreed to a highly advantageous deal for its US employees and for Barclays when a rumoured \$8bn (€5.7bn, £4.5bn) had been repatriated from the European business units to the US holding company shortly before bankruptcy was declared on Sunday evening.

The precise circumstances of the transfer, revealed by PwC on Monday, remain unclear. One Lehman managing director insisted that the cash sweep was a normal aspect of the business and rejected suggestions of improper conduct. Another senior employee said: "There is a not insignificant minority here who are very angry [about the cash sweep]."

PwC said on Monday: "It's important to know that the group, not unlike many other groups in the financial services sector, had a group treasury function that called for liquid assets every day. So all cash moved to New York every day."

The head of the insolvency practice at one large law firm said: "Directors in London had legal responsibilities to the entity based here. If the parent company had started making moves that were out of the ordinary, you'd have hoped the London management would have started asking a lot of questions."

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Additional reporting by Martin Arnold in London

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Barclays' US swoop is backed by market

Print

By Chris Hughes and Jennifer Hughes in London

Published: September 17 2008 20:56 | Last updated: September 17 2008 20:56

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news

'Lehmans abandoned its UK staff': Ex-employee reveals riddle of missing billions switched from London to New York

By Daily Mail Reporter

Last updated at 2:53 PM on 17th September 2008

The US side of collapsed investment bank Lehman Brothers abandoned its employees at the London office, a senior insider at the bank has claimed.

Robert Daniels, a senior head at the firm, says that the \$5bn that was transferred to the New York office on Friday evening has left its UK employees high and dry.

Daniels, whose name has been changed to protect his identity, told the Evening Standard of his anger upon learning that the New York subsidiary of Lehmans is doing a deal with Barclays Bank to save its broker/dealer operation.



Empty desks at Lehman brothers in Canary Wharf, London after all of its workers were told to leave

He said: 'This is the disgusting bit. It has been done at the expense of Lehmans in London.'

According to Daniels, billions of dollars disappeared from Lehmans' London bank account over the weekend.

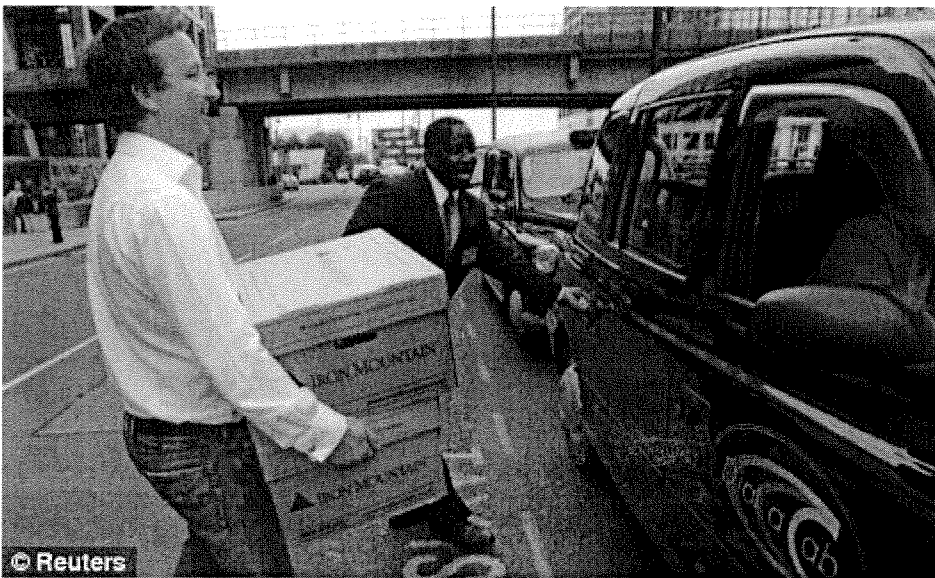
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'Nobody can tell us where it has gone. What we do know is that the money disappeared on Friday night and did not come back into our account on Monday morning.

'That is why the administrators came in on Monday and found no cash and said they probably can't pay our September salaries.



A worker carries a box out of the office of Lehman Brothers in Canary Wharf after the bank went bust

From a legal perspective, the reason the money was not returned is straightforward: late on Sunday night, Lehman declared bankruptcy and as such all assets were frozen pending the liquidators.

Daniels said: 'People were surprised, because a few days before we had over \$5 billion in our bank account, now we suddenly couldn't even afford the \$150 million September salary bill.'

But according to Robert and his colleagues, questions are being asked about the 'fortuitous Sunday night

timing' of the bankruptcy announcement - 'at least as far as the US subsidiary of Lehmans is concerned'.

Daniels has also spoken at the bizarre culture of denial at Lehmans in the weeks leading up to Sunday's catastrophe.

Senior managers reassured staff that there was nothing to worry about, but, despite the fact that Daniels' department was posting record profits, confidence in Lehmans continued to slide.

Now without a job and with three children at private school - and with all of his former colleagues out looking for new jobs -Daniels says he has enough money to live on for the next six months.

Find this story at www.dailymail.co.uk/news/article-1056911/Lehmans-abandoned-UK-staff-Ex-employee-reveals-riddle-missing-billions-switched-London-New-York.html

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SEPTEMBER 18, 2008

Uncertain Times for Lehman's U.K. Staff

*Workers in Limbo
But Will Receive
Pay for September*

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LONDON -- Ending days of uncertainty for Lehman Brothers Holdings Inc. employees here, the firm's insolvency administrator said Wednesday they will be paid for the month of September, though their checks will be late.

The question mark over pay highlights a widening divide at the firm: Employees at headquarters in New York face a clearer future than those overseas. Lehman on Tuesday agreed to sell the bulk of its U.S. operations to Britain's Barclays PLC, but in London, Lehman's European base, it is in the process of winding down.

On Wednesday, the bank's local insolvency administrator, PricewaterhouseCoopers LLP, held a series of town hall meetings at Lehman's office tower in the Canary Wharf business district for employees. Some attendees found the session frustrating, people who were present said, because they couldn't get an answer to a question many have been asking lately: Did Lehman transfer money from the U.K. to New York just before filing for bankruptcy, leaving London strapped for funds?

PricewaterhouseCoopers representatives told attendees that it will be looking into all transactions between the entities around the time of the company's Chapter 11 bankruptcy-court filing, said a Lehman trader who attended.

PricewaterhouseCoopers partner Tony Lomas, on a Webcast for reporters Wednesday, said Lehman didn't have bank accounts in the U.K. and that it relied on its U.S. parent for funding. "When we arrived [Monday morning], there were no funds here," Mr. Lomas said. On Monday, as Lehman announced its bankruptcy filing, Mr. Lomas had said there might not be enough funds to cover all salaries.

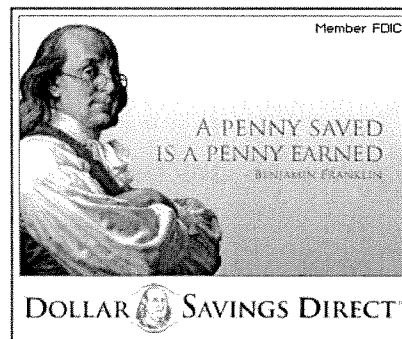
As a result, the Bank of England has established new bank facilities to help PWC make payments such as salaries, Mr. Lomas said.

All the roughly 4,500 employees here will get paid by month's end, but they have to show up for work. Employees expect to be notified then if they still have jobs. There is still hope for some that they will stay employed, if Barclays or another bank buys Lehman's European operations. But as more time goes by without a deal, that becomes less likely.

PricewaterhouseCoopers and Lehman officials declined to comment.

Some units or banking teams may yet be bought or hired. PricewaterhouseCoopers said Wednesday that there have been "expressions of interest" in Lehman Europe's asset-management business and its corporate-finance-advisory businesses, which it said "are solvent and continue to operate, and we have begun discussions with interested parties." It isn't clear who might buy them.

Some London employees said they hadn't received an email from departing Lehman Chairman and Chief Executive Richard Fuld Jr. that went to U.S. employees, many of whom forwarded it to



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colleagues overseas. In the email, Mr. Fuld trumpeted the future of the U.S. unit and its combination with Barclays Capital. As for European and Asian units, Mr. Fuld said that hopefully those businesses might end up with Barclays.




"The past several months have been extraordinarily challenging," Mr. Fuld emailed. "For some of you, the firm has been your home for decades. For others, less than a year. For all of us, it has been far more than a place of employment. It has been a source of pride."

Edouard d'Archimbaud, a 24-year-old Frenchman who was supposed to start a new job at Lehman on Monday, says he is planning to move back to France at the end of the week to look for work. "I want to work in a bank, but I am sure it will be too difficult," he said Wednesday. "Probably I will apply for a job in hedge funds. I work in systematic trading, a field of banking that works pretty well at the moment." In London, PricewaterhouseCoopers said in a statement that it has been trying "to identifying how [Lehman London's] various holdings can be wound down in an orderly manner." It added, "Over the last 24 hours, we have resolved trading issues with the London Clearing House to ensure that customers begin to transfer trades to third parties."

Indeed, a big problem facing the bank in London: unwinding trades for the benefit of creditors and counterparties. The process is very complicated, and it could take years, for example, to figure out gains and losses on derivative transactions, said Steven Pearson, a partner at PricewaterhouseCoopers.

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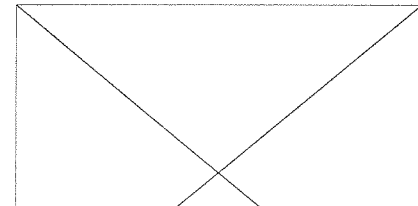
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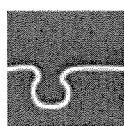
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Dubai government offers to help expatriate Lehman staff

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UAE. Dubai's government will take extraordinary measures to help expatriate workers of Lehman Brothers Holdings marooned in the Emirate that is seeking to rival London, New York and Hong Kong as a financial centre, officials said.

These could include paying school fees for the children of Lehman's bankers stuck in limbo in the Emirate and covering their living expenses.

"No one will be asked to leave or even face deportation," Omar bin Sulaiman, Governor of the Dubai International Financial Centre (DIFC) where Lehman's Middle East headquarters is home to 40 of the company's employees, told Zawya Dow Jones yesterday.

Worried bankers from Lehman, which shocked financial markets on day when it filed for Chapter 11 bankruptcy in the US, queued anxiously outside the DIFC's residency visa office two days later, hoping to extend their permits to remain in the Emirate.

"This is the DIFC's social obligation towards those people who left their homes in the US and Europe to work in Dubai," said Sulaiman, who oversees a financial district where 14,000 people, mostly foreigners, now work. Foreign workers require a residency and work permit issued by their company to remain in the country.

Footing the bill for Lehman's Dubai-based workers could be a necessary evil for Dubai fights to establish itself as a hotspot for financial services in the Gulf. This could prove even more costly for Dubai if other international investment banks in the DIFC fail.

Despite Sulaiman's assurances to Lehman's Dubai staff, many were still being told yesterday by immigration officials at the DIFC that they have only 30 days to remain in the country with their families.

The Emirate, which unlike its regional neighbours has little oil wealth of its own, is depending on attracting skilled white collar workers and financial companies to its investor-friendly business parks like the DIFC.

Richard S Fuld, Lehman's Chairman visited Dubai last year as part of the fanfare surrounding the opening of its Middle East headquarters at the DIFC, a triumph for the Emirate as it sought to attract the cream of US investment banks.

"Unlike what's happening in the global markets, the Gulf is in a growth phase," Sulaiman said. "International banks and firms see their offices here as the driving growth for their global businesses. They are even rebalancing their exposure to the global turmoil through their business here."

Lehman Brothers, like many of its rivals including Goldman Sachs Group and Morgan Stanley, has shifted more staff to the oil-rich region in a desperate attempt to offset losses in its US business.

But this comes at a price. Office space at the DIFC is the most expensive in Dubai at AED 750 (US\$204) per square foot, compared with US\$60 per square foot for a business office in downtown Manhattan, according to Colliers International. Once vacated this space will be quickly filled according to DIFC officials, who have already received offers to lease the premises.

Lehman's Dubai employees could be the lucky ones among a global workforce of 26,200 people who risk losing their jobs following the firm's demise. Barclays said approximately 10,000 would keep their jobs through its acquisition of Lehman's North American business.

Employees in Dubai have been told by the Wall Street firm that they could have up to a year to find new jobs. Jameel Akhras, the bank's Middle East CEO didn't respond to e-mails, or phone calls, and Lehman workers at the DIFC declined offers of interviews.

But with the financial services industry across the Gulf still booming and banks aggressively recruiting workers it's unlikely that many will have to wait long to find new jobs. "Bankers in the Gulf region will not have a problem finding new jobs," said Hugo Codrington, a UK-based headhunter at Forrester Partners in a phone interview. "There is shortage of talents across the board and we've certainly been contacted by some bankers who worked at Lehman Brothers."

Other details of the Lehman collapse emerged yesterday, as the UK's Evening Standard reported that the US side of collapsed investment bank Lehman Brothers abandoned its employees at the London office, a senior insider at the bank has claimed.

Robert Daniels, a senior head at the firm, said that a sum of US\$5 billion was transferred to the New York office on Friday evening, leaving its UK employees high and dry.

Daniels, whose name has been changed to protect his identity, told the paper of his anger upon learning that the New York subsidiary of Lehman is doing a deal with Barclays Bank to save its broker/dealer operation.

He said: "This is the disgusting bit. It has been done at the expense of Lehman in London."

According to Daniels, billions of dollars disappeared from Lehman's London bank account over the weekend. On Fridays London typically transfers billions to New York and is issued with a portfolio of assets in return.

"It's a standard inter-company transfer that happens every Friday to fund the US assets over the weekend and every Monday the trade is reversed," said Daniels.